

MINUTES OF THE CITY COUNCIL

CITY OF AUSTIN, TEXAS

Special Meeting  
February 29, 1960

COUNCIL CHAMBERS, CITY HALL

---

The Special Meeting was called to order with Mayor Miller presiding.

Roll Call:

Present: Councilmen Bechtol, Palmer, White, Perry, Mayor Miller  
Absent: None

The Mayor announced that it was time for the Special Meeting concerning a new set of proposed specifications for bids on a long term natural gas fuel supply for the city power plants.

The Council was in concurrence with most of the 14-page, 20-paragraph draft of specifications submitted, however, major questions arose over one paragraph pertaining to minimum purchase obligations.

The specifications as drafted asked the bidders to submit proposed contracts which would leave the type of proposal up to the bidders. No requirements for a "fixed price" were established. An earlier set of proposed specifications used the term "firm stated prices," which led a representative of Southern Union Gas Company, the present supplier, to consider withdrawing as a bidder. The new proposed draft would set no guide for bidders as to the type of pricing practices which would be considered. According to City Attorney Doren Eskew such a draft would permit bidders to propose varying contract theories. Other proposals submitted to the City involved three pricing practices:

1. a fixed formula
2. a cost-plus formula
3. a combination of a fixed formula and a cost-plus formula

The paragraph that the Council questioned read:

"No contract will be approved which requires the City to pay for any gas which it has not taken, except that the City will guarantee to take at least 70 trillion BTUs (of gas) during the first 10 years of the contract"

Mr. Eskew stated that a panel of three lawyers serving as special counsel to the City had agreed unanimously that the paragraph would "seriously restrict" the field of bidders, and that it need not be included unless the Council requested it to be.

The Council agreed to discuss the matter further the following day. The Mayor then stated that he would not approve any provision for "prepayment" of gas and that he was confident that the wording of paragraph three could be changed so that it would be acceptable to the Council.

RECESSED MEETING

The Council recessed until 1:30 p.m., March 1, 1960.

APPROVED: \_\_\_\_\_

Mayor

ATTEST: \_\_\_\_\_

City Clerk